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Viewing cable 09MANAGUA261, NNP PROPOSES "CODE OF CONDUCT" AND "COMMON FUND"

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#09MANAGUA261**.

Reference ID	Created	Released	Classification	Origin
09MANAGUA261	2009-03-11 14:29	2011-08-30 01:44	CONFIDENTIAL	Embassy Managua

Appears in these articles:

<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758456.aspx>
<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758467.aspx>
<http://www.nacion.com/2011-05-30/Mundo/NotasSecundarias/Mundo2758468.aspx>
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<http://www.confidencial.com.ni/articulo/3966/la-ldquo-injerencia-rdquo-de-ee-uu-en-el-2006>
<http://www.nacion.com/2011-05-23/Mundo/Relacionados/Mundo2758764.aspx>
<http://www.nacion.com/2011-05-23/Mundo/NotaPrincipal/Mundo2758753.aspx>
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<http://www.confidencial.com.ni/articulo/4040/la-ldquo-injerencia-rdquo-de-venezuela-en-2006>
<http://www.confidencial.com.ni/articulo/4047/rodrigo-barreto-enviado-de-ldquo-vacaciones-rdquo>
<http://www.nacion.com/2011-05-16/Mundo/NotasSecundarias/Mundo2757239.aspx>
<http://www.nacion.com/2011-05-16/Mundo/NotaPrincipal/Mundo2746658.aspx>
<http://www.nacion.com/2011-05-16/Mundo/Relacionados/Mundo2757244.aspx>
<http://www.nacion.com/2011-05-16/Mundo/Relacionados/Mundo2746673.aspx>
<http://www.confidencial.com.ni/articulo/3991/dra-yadira-centeno-desmiente-cable-diplomatico-eeuu>
<http://www.confidencial.com.ni/articulo/3968/pellas-pronostico-a-eeuu-victoria-de-ortega-en-2006>
<http://www.confidencial.com.ni/articulo/3967/barreto-era-ldquo-fuente-confiable-rdquo-para-eeuu>

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RUEAWJA/DEPT OF JUSTICE WASHINGTON DC PRIORITY
RUMIAAA/CDR USSOUTHCOM MIAMI FL PRIORITY
RUEABND/DEA HQS WASHINGTON DC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEFDIA/DIA WASHINGTON DC PRIORITY
RUEKJCS/JOINT STAFF WASHINGTON DC PRIORITY
RHEHNSC/NSC WASHINGTON DC PRIORITY
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C O N F I D E N T I A L MANAGUA 000261

SIPDIS

STATE FOR WHA/CEN, INL/LP

E.O. 12958: DECL: 03/04/2013
TAGS: [PGOV](#) [PREL](#) [SNAR](#) [NU](#)
SUBJECT: NNP PROPOSES "CODE OF CONDUCT" AND "COMMON FUND"
FOR INTERNATIONAL DONORS

REF: FEBRUARY 24 TSAO-AHERN E-MAIL

Classified By: Ambassador Robert Callahan, Reasons 1.4 (b) and (d)

¶1. (C) Summary: During a meeting on March 4, 2009, representatives of the Nicaraguan National Police (NNP) and the Nicaraguan Ministry of Foreign Relations (MinRex) presented Poloff with details regarding a newly proposed "Code of Conduct" (Codigo de Conducta, or CdC in Spanish) to govern all aid received by the NNP from international donors. The intent of the CdC document is to give the NNP direct control over the administration and execution of the foreign aid it receives, a concept which runs counter to many USG policies on the execution of foreign aid. In addition, the NNP discussed - but declined to share written details of - a "Common Fund," to be administered by the Nicaraguan Ministry of Finance, that will be set up as a holding account for international donors to directly deposit financial aid to the NNP. When Poloff pointed out the difficulty of having the USG sign an agreement that contradicts its laws and regulations, both NNP and MinRex representatives said that USG could continue using "existing legal mechanisms" to carry out programs, including those related to the Merida Initiative, with the NNP but hoped that the Embassy would remain "engaged" with the new process. In a troubling side-note, NNP Chief Aminta Granera appeared to be completely unaware of the CdC effort, underlining the continuing erosion of her power and influence within the NNP organization. End Summary.

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Bugs In The Code
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¶2. (C) On March 4, 2009, NNP official Manuel Rocha, Chief of the NNP Project Coordination Division, discussed with Poloff a new "Code of Conduct" (Codigo de Conducta, or CdC in Spanish) that the NNP is proposing as the main legal mechanism to govern all aid projects conducted between international donors and the NNP. (The CdC document was sent to WHA/CEN and INL/LP in reference e-mail.) The CdC is based broadly upon principles set forth in the Organization for Economic Cooperation and Development (OECD) Paris Declaration on Aid Effectiveness, which was endorsed by many OECD member states in March of 2005, including the United States. In particular, the CdC seems to draw heavily upon the Paris Declaration tenets of "ownership" and "alignment." According to the Paris Declaration, donor countries should rely as much as possible on country systems and procedures and avoid

"intrusive conditionality" in order to give host governments greater "ownership" of the aid process. Furthermore, donor countries should "align" their funding with host country developed strategies instead of imposing "multiple conditions based on other agendas."

¶3. (C) The Nicaraguan CdC document takes these Paris Declaration tenets and interprets them aggressively, resulting in the inclusion of many provisions in the CdC document that either conflict with established USG laws and regulations on executing foreign aid programs or with simple practicality. Furthermore, the Paris Declaration presupposes that, "public financial management systems in partner countries...adhere to broadly accepted good practices or have a reform program in place to achieve this." Recent, well publicized scandals with the probable misappropriation of donated funds (including the alleged "misplacement" of millions of dollars from donors such as Spain and Taiwan) belie this assumption in the case of Nicaragua and cast doubt on the ability of GON institutions, if left to themselves, to execute foreign aid programs in a fully transparent manner.

¶4. (C) The most problematic of these provisions include (with Post comments):

"The Development Partners will ... employ the systems and national (GON) procedures of disbursement, execution, tracking, and evaluation of foreign assistance ... non-use of these systems must be justified and reviewed at regular intervals." Post Comment: This provision runs directly counter to the USG procurement provisions outlined in the "Buy American Act."

"Signers of this Code of Conduct will ... avoid parallel structures and gradually adapt the GON Fiscal Year to match the GON's financial responsibilities." Post Comment: The sheer impracticality of attempting to adjust USG budget cycles to match the GON fiscal year should preclude any possibility of USG accedence to this provision.

"The GON will inform...the Development Partners of plans, projects, programs....that are being executed in other entities whose purposes are related to NNP functions and competencies, but are public or private, and not integrated with the NNP structure." Post Comment: This provision opens up the troubling possibility that donated funds will be used to support the activities of the illegitimate, semi-government Councils of Citizen Power (CPC) structure supported by Ortega.

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No Change In The Merida LOA Process
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¶5. (C) When Poloff pointed out the difficulty of having the USG sign an agreement that contradicts its laws and regulations, both NNP and MinRex representatives said that USG could continue using "existing legal mechanisms" to carry out programs, specifically mentioning the new Letter of Agreement (LOA) being negotiated to implement Merida Initiative programs. Rocha expressed disappointment that the USG was not likely to sign the CdC document but expressed the hope that the U.S. would remain "actively engaged" in the overall donor coordination process. Rocha assured Poloff that the U.S. would remain informed of any new information regarding the CdC donor coordination group, including the roll-out of a comprehensive NNP strategy document covering the next five years of NNP operations.

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Common Fund - "We Know You're Not Interested"
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¶6. (C) Rocha briefly discussed the concept of creating a NNP Common Fund, a fund that would be administered by the

Nicaraguan Ministry of Finance as a holding account for international donors to directly deposit financial aid to the NNP. Rocha espoused the benefits of the fund, explaining that it would allow the NNP to utilize donated funds with "greater flexibility, transparency, and accountability." As an example, he continued, the Common Fund could be used on law enforcement initiatives "outside of the NNP," a concept that would be difficult to implement under most of the bilateral aid agreements the NNP currently works under (and one that would open the door to possible CPC involvement). Two comprehensive reports on the expenditure of the funds would be released every year to show donors that the funds had been used transparently and in an effective manner. When asked why documents related to the formation of the Common Fund had not been sent to the Embassy, Rocha simply replied that the documents had not been sent because, "we knew you would not be interested." To date, only Spain has formally agreed to participate in the Common Fund, with an initial deposit of one million Euros.

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Comment: The Increasingly Schizophrenic NNP
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17. (C) Comment: The CdC contains several problematic - and unrealistic - proposals which are in direct conflict with U.S. laws and regulations. Unfortunately, the 2005 Paris Statement gives the GON an effective platform as it seeks to wrest control of donated funding from donor countries to the cash-starved Ortega Administration. In a troubling side-note, in the days and weeks leading up to the actual meeting with Rocha, the NNP presented seemingly contradictory stances on how USG aid to the NNP should be handled. During discussions over the conclusion of the new Merida Initiative LOA, NNP Sub-Director Javier Maynard (who is directly responsible for NNP finances and actually signed the CdC

meeting invitation letter) specifically requested that a clause be added to the LOA stating that, "the USG will be in charge of the administration and implementation of these funds."

18. (C) In addition, just days before the CdC meeting NNP Chief Aminta Granera appeared to be completely unaware of the entire CdC coordination movement, asking, "What document are you talking about? I'd like to see a copy." Taking all of these developments into account, it is clear that a severe schism has developed within the NNP, with one group closely aligned with Ortega that is cooperating with MinRex attempts to funnel foreign aid into FSLN projects, and another group headed by Granera attempting to keep the funding within the NNP. The increasingly schizophrenic disposition of the NNP clearly underlines the continuing erosion of Granera's power and influence within the NNP organization and points the way to an uncertain future for the institution after her departure.

CALLAHAN